



Laura Bateman
Carolinas Rates & Regulatory Strategy
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August 31st, 2017

Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post office Drawer 11649
101 Executive Center Drive, Suite 100
Columbia, SC 29211

RECEIVED

SEP 06 2017

**PSC SC
MAIL / DMS**

Dear Mrs. Boyd:

Enclosed per Docket No. 2006-268-E is the quarterly report of Duke Energy Carolinas, LLC for the twelve months ending June 30th, 2017. Debt coverage ratio of earnings to Fixed Charges was 5.04 for this time period. Please note all costs and insurance settlements directly related to the 2014 Dan River release and clean-up are excluded from the retail returns.

Please feel free to contact me at 919.546.3324 if you have any questions.

Sincerely,

Laura Bateman
Carolinas Rates & Regulatory Strategy
Duke Energy

Enclosures:

pc: Ms. Dawn Hipp, Director Utilities, Safety & Transportation
Office of Regulatory Staff
Mr. Willie Morgan, Deputy Director Utilities Rates
Office of Regulatory Staff
Mr. Dukes Scott, Executive Director
Electric & Gas Regulation
Office of Regulatory Staff

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Lynn J. Good, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Carolinas, LLC, as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



Signature of President

Lynn J. Good

Typed or Printed Name of Person Signing

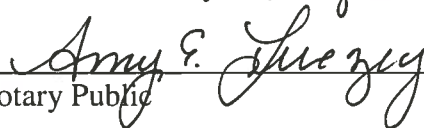
President, CEO & Chair of BOD

Title

8/30/17

Date Signed

Subscribed and sworn to before me this 30th day of August, 2017.



Notary Public

My Commission Expires: 11/10/17

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Steven K. Young, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Carolinas, LLC, as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

Steven K. Young

Signature of Person Making Verification

Steven K. Young

Typed or Printed Name of Person Signing

Executive Vice President & CFO

Title

8/30/17

Date Signed

Subscribed and sworn to before me this 30th day of August, 2017.

Amy E. Lurgay

Notary Public

My Commission Expires: 11/16/17

Duke Energy Carolinas, LLC
Electric Operating Experience - Total Company & SC Retail
 12 Months Ended June 30, 2017
 Dollars in Thousands

| Line No. | Description | Total Company | | | SC Retail | | |
|----------|--|----------------------|-----------------------|---------------|----------------------|-----------------------|--------------|
| | | Regulatory Per Books | Pro-Forma Adjustments | As Adjusted | Regulatory Per Books | Pro-Forma Adjustments | As Adjusted |
| (Col. 1) | | (Col. 2) | (Col. 3) | (Col. 4) | (Col. 5) | (Col. 6) | (Col. 7) |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 | Operating Revenues | \$ 7,373,443 | \$ (297,439) | \$ 7,076,004 | \$ 1,759,702 | \$ (73,944) | \$ 1,685,758 |
| 2 | Operating Expenses | | | | | | |
| 3 | O&M Expenses - Fuel | 1,506,861 | - | 1,506,861 | 374,424 | (1,051) | 373,373 |
| 4 | O&M Expenses - Purchased Power and Net Interchange | 315,638 | - | 315,638 | 77,762 | - | 77,762 |
| 5 | O&M Expenses - Wages, Benefits, Materials, etc. | 2,019,046 | (183,640) | 1,835,406 | 480,700 | (50,240) | 430,460 |
| 6 | Depreciation & Amortization Expenses | 1,114,741 | 76,863 | 1,191,604 | 249,273 | 19,532 | 268,805 |
| 7 | Taxes Other Than Income | 273,776 | 16,634 | 290,410 | 78,078 | 4,274 | 82,352 |
| 8 | Income Taxes | 641,062 | (91,633) | 549,429 | 153,780 | (20,521) | 133,258.54 |
| 9 | Investment Tax Credit | (5,281) | - | (5,281) | (1,240) | 3 | (1,237) |
| 10 | Total Operating Expenses | 5,865,843 | (181,777) | 5,684,066 | 1,412,776 | (48,003) | 1,364,773 |
| 11 | Operating Return | 1,507,600 | (115,662) | 1,391,938 | 346,926 | (25,942) | 320,984 |
| 12 | Customer Growth | - | 7,123 | 7,123 | - | 7,123 | 7,123 |
| 13 | Interest on Customer Deposits (Before Taxes) | 8,558 | - | 8,558 | 1,018 | (5) | 1,013 |
| 14 | Total Income for Return | \$ 1,499,042 | \$ (108,539) | \$ 1,390,503 | \$ 345,908 | \$ (18,814) | \$ 327,094 |
| 15 | Rate Base | | | | | | |
| 16 | Plant in Service | \$ 36,938,587 | \$ 1,251,288 | \$ 38,189,875 | \$ 8,545,765 | \$ 260,458 | \$ 8,806,223 |
| 17 | Reserve for Depreciation | (14,946,697) | (76,863) | (15,023,559) | (3,459,020) | (8,917) | (3,467,937) |
| 18 | Net Plant | 21,991,890 | 1,174,425 | 23,166,316 | 5,086,745 | 251,541 | 5,338,286 |
| 19 | Construction Work in Progress | 161,404 | 1,170,353 | 1,331,757 | 37,991 | 289,017 | 307,008 |
| 20 | Other Rate Base | (409,739) | - | (409,739) | (96,563) | - | (96,563) |
| 21 | Total Working Capital | 1,946,478 | (22,955) | 1,923,523 | 472,785 | (6,280) | 466,505 |
| 22 | Materials & Supplies | 1,608,321 | 7,328 | 1,615,649 | 385,161 | 1,823 | 386,984 |
| 23 | Accumulated Deferred Income Taxes | (6,871,692) | (76,579) | (6,948,271) | (1,598,949) | (17,644) | (1,616,593) |
| 24 | Total Rate Base | \$ 18,426,663 | \$ 2,252,573 | \$ 20,679,235 | \$ 4,287,170 | \$ 498,457 | \$ 4,785,627 |
| 25 | Rate of Return | 8.14% | | 6.72% | 8.07% | | 6.83% |
| 26 | Return on Equity | 10.83% | | 8.28% | 10.71% | | 8.48% |

Duke Energy Carolinas, LLC
Electric Accounting & Pro Forma Adjustments
Total Company
12 Months Ended June 30, 2017
Dollars in Thousands

| Adj. # | Description | Revenues | O&M Expenses Fuel | O&M Expenses Other | Deprec. & Amort. Expense | Taxes Other Than Income | Interest on Customer Deposits | Income Taxes @ 0.371902 37.19% | Investment Tax Credit |
|-------------------------------|--|------------------|----------------------|-----------------------|-----------------------------|----------------------------|----------------------------------|--------------------------------------|--------------------------|
| 1 | To Annualize Depreciation on Year-End Plant | \$ - | - | \$ - | \$ 42,782 | \$ - | - | \$ (15,911) | \$ - |
| 2 | To Annualize Wage Rate Increase | - | - | 24,910 | - | 865 | - | (9,586) | - |
| 3 | To Update for Increased Benefits Costs | - | - | (4,485) | - | - | - | 1,668 | - |
| 4 | To Annualize Property Taxes on Year-End Plant | - | - | - | - | 8,998 | - | (3,346) | - |
| 5 | To Reflect CWIP Closings to Plant | - | - | - | 34,081 | 6,721 | - | (15,174) | - |
| 6 | To Adjust Income Taxes to Reflect Interest Synchronization | - | - | - | - | - | - | (14,540) | - |
| 7 | To eliminate unbilled revenues | 47,363 | - | - | - | 50 | - | 17,596 | - |
| 8 | Adjust coal inventory | - | - | - | - | - | - | - | - |
| 9 | Adjust the amount of CWIP in rate base | - | - | - | - | - | - | - | - |
| 10 | Adjust 1/8 O&M for accounting and pro forma adjustments | - | - | - | - | - | - | - | - |
| 11 | To Exclude Greenwood Operators | - | - | - | - | - | - | - | - |
| 12 | To Normalize Nuclear Refueling Outage Costs | - | - | (2,759) | - | - | - | 1,026 | - |
| 13 | To remove SC Load Retention Rider revenues | 0 | - | - | - | - | - | - | - |
| 14 | To remove DSM/EE program revenues and program costs | (344,802) | - | (201,307) | - | - | - | (53,366) | - |
| TOTAL - ALL PRO FORMAS | | (297,439) | \$ - | \$ (183,840) | \$ 76,863 | \$ 16,634 | \$ - | \$ (91,633) | \$ - |
| | | 0 | \$ - | - | 0 | 0 | - | 0 | 0 |

| Adj. # | Description | Plant In Service | Accum. Deprec. | CWIP | ADIT | Other Rate Base | Working Cash | Materials & Supplies |
|--------|--|------------------|----------------|-----------|----------|-----------------|--------------|----------------------|
| 1 | To Annualize Depreciation on Year-End Plant | - | - | - | - | - | - | - |
| 2 | To Annualize Wage Rate Increase | - | - | - | - | - | - | - |
| 3 | To Update for Increased Benefits Costs | - | - | - | - | - | - | - |
| 4 | To Annualize Property Taxes on Year-End Plant | - | - | - | - | - | - | - |
| 5 | To Reflect CWIP Closings to Plant | 1,251,288 | (34,081) | - | (76,579) | - | - | - |
| 6 | To Adjust Income Taxes to Reflect Interest Synchronization | - | - | - | - | - | - | - |
| 7 | To eliminate unbilled revenues | - | - | - | - | - | - | - |
| 8 | Adjust coal inventory | - | - | - | - | - | - | - |
| 9 | Adjust the amount of CWIP in rate base | - | - | 1,170,353 | - | - | - | 7,328 |
| 10 | Adjust 1/8 O&M for accounting and pro forma adjustments | - | - | - | - | - | (22,955) | - |
| 11 | To Exclude Greenwood Operators | - | - | - | - | - | - | - |
| 12 | To Normalize Nuclear Refueling Outage Costs | - | - | - | - | - | - | - |
| 13 | To remove SC Load Retention Rider revenues | - | - | - | - | - | - | - |
| 14 | To remove DSM/EE program revenues and program costs | - | - | - | - | - | - | - |

TOTAL - ALL PRO FORMAS

| | | | | | | |
|--------------|-------------|--------------|-------------|------|-------------|----------|
| \$ 1,251,288 | \$ (76,863) | \$ 1,170,353 | \$ (76,579) | \$ - | \$ (22,955) | \$ 7,328 |
|--------------|-------------|--------------|-------------|------|-------------|----------|

Duke Energy Carolinas, LLC
Electric Accounting & Pro Forma Adjustments
SC Retail
12 Months Ended June 30, 2017
Dollars in Thousands

| Adj. # | Description | Revenues | O&M Expenses Fuel | O&M Expenses Other | Deprec. & Amort. Expense | Taxes Other Than Income | Interest on Customer Deposits | Income Taxes @ 0.3825 38.25% | Investment Tax Credit |
|-------------------------------|--|--------------------|----------------------|-----------------------|-----------------------------|----------------------------|----------------------------------|------------------------------------|--------------------------|
| 1 | To Annualize Depreciation on Year-End Plant | \$ - | \$ - | \$ - | \$ 12,426 | \$ - | \$ - | \$ (4,753) | \$ - |
| 2 | To Annualize Wage Rate Increase | - | - | 6,015 | - | 209 | - | (2,381) | - |
| 3 | To Update for Increased Benefits Costs | - | - | (1,083) | - | - | - | 414 | - |
| 4 | To Annualize Property Taxes on Year-End Plant | - | - | - | - | 2,716 | - | (1,039) | - |
| 5 | To Reflect CWP Closings to Plant | - | - | - | 7,891 | 1,549 | - | (3,611) | - |
| 6 | To Adjust Income Taxes to Reflect Interest Synchronization | - | - | - | - | - | - | (3,172) | - |
| 7 | To eliminate unbilled revenues | 16,671 | - | - | - | 50 | - | 6,358 | - |
| 8 | Adjust coal inventory | - | - | - | - | - | - | - | - |
| 9 | Adjust the amount of CWP in rate base | - | - | - | - | - | - | - | - |
| 10 | Adjust 1/8 O&M for accounting and pro forma adjustments | - | - | - | - | - | - | - | - |
| 11 | To Exclude Greenwood Operations | (898) | (1,051) | (767) | (785) | (250) | (5) | 1,170 | 3 |
| 12 | To Normalize Nuclear Refueling Outage Costs | - | - | (686) | - | - | - | 263 | - |
| 13 | To remove DSM/EE program revenues and program costs | (89,717) | - | (53,718) | - | - | - | (13,770) | - |
| 14 | To remove SC Load Retention Rider revenues | - | - | - | - | - | - | - | - |
| TOTAL - ALL PRO FORMAS | | \$ (73,944) | \$ (1,051) | \$ (50,240) | \$ 19,532 | \$ 4,274 | \$ (5) | \$ (20,521) | \$ - |

| Adj. # | Description | Plant in Service | Accum. Deprec. | CWIP | ADIT | Deferred Debt/Credit | Working Cash | Materials & Supplies |
|-------------------------------|--|-------------------|-------------------|-------------------|--------------------|----------------------|-------------------|----------------------|
| 1 | To Annualize Depreciation on Year-End Plant | \$ - | \$ (12,426) | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | To Annualize Wage Rate Increase | - | - | - | - | - | - | - |
| 3 | To Update for Increased Benefits Costs | - | - | - | - | - | - | - |
| 4 | To Annualize Property Taxes on Year-End Plant | - | - | - | - | - | - | - |
| 5 | To Reflect CWP Closings to Plant | 288,303 | (7,891) | - | (17,644) | - | - | - |
| 6 | To Adjust Income Taxes to Reflect Interest Synchronization | - | - | - | - | - | - | - |
| 7 | To eliminate unbilled revenues | - | - | - | - | - | - | - |
| 8 | Adjust coal inventory | - | - | - | - | - | - | 1,823 |
| 9 | Adjust the amount of CWP in rate base | - | - | 269,017 | - | - | - | - |
| 10 | Adjust 1/8 O&M for accounting and pro forma adjustments | - | - | - | - | - | (6,280) | - |
| 11 | To Exclude Greenwood Operations | (27,845) | 11,400 | - | (1,029) | - | - | - |
| 12 | To Normalize Nuclear Refueling Outage Costs | - | - | - | - | - | - | - |
| 13 | To remove DSM/EE program revenues and program costs | - | - | - | - | - | - | - |
| 14 | To remove SC Load Retention Rider revenues | - | - | - | - | - | - | - |
| TOTAL - ALL PRO FORMAS | | \$ 280,458 | \$ (8,917) | \$ 269,017 | \$ (18,673) | \$ - | \$ (6,280) | \$ 1,823 |

Schedule 5

Duke Energy Carolinas, LLC
Statement of Fixed Assets - Electric
12 Months Ended June 30, 2017
Dollars in Thousands

| Line No. | Description | Total Company | | | SC Retail | | |
|--------------------------------------|-------------------------------------|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|
| | | Per Books (Col. 2) | Adjustments (Col. 3) | As Adjusted (Col. 4) | Per Books (Col. 5) | Adjustments (Col. 6) | As Adjusted (Col. 7) |
| | (Col. 1) | \$ | \$ | \$ | \$ | \$ | \$ |
| Gross Plant in Service | | | | | | | |
| 1 | Intangible Plant | \$ 851,725 | \$ 27,582 | \$ 879,308 | \$ 197,134 | \$ 6,275 | \$ 203,409 |
| 2 | Production | 20,442,239 | 919,982 | 21,362,220 | 4,731,410 | 216,026 | 4,947,436 |
| 3 | Transmission | 3,700,571 | 161,354 | 3,861,925 | 853,976 | 29,755 | 883,731 |
| 4 | Distribution | 11,012,287 | 136,935 | 11,149,221 | 2,548,823 | 34,956 | 2,583,779 |
| 5 | General | 919,193 | 5,435 | 924,628 | 212,750 | 1,291 | 214,041 |
| 6 | Common | | | | | | |
| | Subtotal | 36,926,014 | 1,251,288 | 38,177,302 | 8,544,093 | 288,303 | 8,832,396 |
| 7 | Plant Held for Future Use | 12,573 | - | 12,573 | 1,672 | - | 1,672 |
| 8 | Greenwood | | | | | (27,845) | (27,845) |
| 9 | Total Gross Plant in Service | \$ 36,938,587 | \$ 1,251,288 | \$ 38,189,875 | \$ 8,545,765 | \$ 260,458 | \$ 8,806,223 |
| Construction Work in Progress | | | | | | | |
| 10 | Production | \$ 132,202 | \$ 842,947 | \$ 975,149 | \$ 31,462 | \$ 197,937 | \$ 229,399 |
| 11 | Transmission | 8,121 | 155,564 | 163,685 | 1,471 | 28,687 | 30,158 |
| 12 | Distribution | 4,296 | 94,352 | 98,648 | 1,083 | 24,086 | 25,169 |
| 13 | General | 7,914 | 67,358 | 75,272 | 1,874 | 16,001 | 17,875 |
| 14 | Intangible | 8,871 | 10,132 | 19,003 | 2,101 | 2,305 | 4,406 |
| 15 | Total Construction Work in Progress | \$ 161,404 | \$ 1,170,353 | \$ 1,331,757 | \$ 37,991 | \$ 269,017 | \$ 307,008 |

Duke Energy Carolinas, LLC
Reserve for Depreciation - Electric
 12 Months Ended June 30, 2017
 Dollars in Thousands

| Line No. | Description | Total Company | | | SC Retail | | |
|-------------|--------------------------------|-----------------------------|-------------------------------|-------------------------------|-----------------------------|-------------------------------|-------------------------------|
| | | Per Books (Col. 2) \$ | Adjustments (Col. 3) \$ | As Adjusted (Col. 4) \$ | Per Books (Col. 5) \$ | Adjustments (Col. 6) \$ | As Adjusted (Col. 7) \$ |
| 1 | Intangible Plant | \$ (526,045) | \$ (792) | \$ (526,837) | \$ (121,755) | \$ (180) | \$ (121,935) |
| 2 | Production | (8,087,494) | (34,314) | (8,121,807) | (1,871,872) | (8,057) | (1,879,929) |
| 3 | Transmission | (1,387,143) | (6,433) | (1,393,576) | (320,626) | (1,186) | (321,812) |
| 4 | Distribution | (4,574,018) | (10,928) | (4,584,946) | (1,058,669) | (5,098) | (1,063,766) |
| 5 | General | (371,997) | (24,395) | (396,392) | (86,100) | (5,795) | (91,895) |
| 6 | Common | | | | | - | - |
| 7 | Greenwood | | | | | 11,400 | 11,400 |
| 8 | Total Reserve for Depreciation | <u>\$ (14,946,597)</u> | <u>\$ (76,863)</u> | <u>\$ (15,023,559)</u> | <u>\$ (3,459,020)</u> | <u>\$ (8,917)</u> | <u>\$ (3,467,937)</u> |

Duke Energy Carolinas, LLC
Other Rate Base - Electric
12 Months Ended June 30, 2017
Dollars in Thousands

| Line No. | Description | Total Company | | | SC Retail | | |
|-------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|
| | | Per Books (Col. 1) | Adjustments (Col. 2) | As Adjusted (Col. 3) | Per Books (Col. 4) | Adjustments (Col. 5) | As Adjusted (Col. 6) |
| 1 | Operating Reserves | \$ (409,739) | \$ - | \$ (409,739) | \$ (96,563) | \$ - | \$ (96,563) |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | Total Other Rate Base | \$ (409,739) | \$ - | \$ (409,739) | \$ (96,563) | \$ - | \$ (96,563) |

Duke Energy Carolinas, LLC
Total Working Capital - Electric
 12 Months Ended June 30, 2017
 Dollars in Thousands

| Line No. | Description | Total Company | | | SC Retail | | |
|----------|--|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|
| | | Per Books (Col. 2) | Adjustments (Col. 3) | As Adjusted (Col. 4) | Per Books (Col. 5) | Adjustments (Col. 6) | As Adjusted (Col. 7) |
| 1 | Twelve Month O&M Expenses | \$ 3,204,599 | \$ (183,640) | \$ 3,020,959 | \$ 775,177 | \$ (50,240) | \$ 724,938 |
| 2 | Working Cash (1/8 of O&M Expenses on Line 1) | \$ 400,575 | \$ (22,955) | \$ 377,620 | \$ 96,897 | \$ (6,280) | \$ 90,617 |
| 3 | Average Tax Accruals | (124,611) | - | (124,611) | (28,842) | - | (28,842) |
| 4 | Subtotal: Investor Funds for Operations | 275,964 | (22,955) | 253,009 | 68,056 | (6,280) | 61,776 |
| 5 | Unamortized Debt | 114,119 | - | 114,119 | 25,644 | - | 25,644 |
| 6 | Required Bank Balance | 300 | - | 300 | 69 | - | 69 |
| 7 | Prepayments | 27,409 | - | 27,409 | 6,344 | - | 6,344 |
| 8 | Customer Deposits | (132,852) | - | (132,852) | (29,267) | - | (29,267) |
| 9 | Other | 1,661,538 | - | 1,661,538 | 401,940 | - | 401,940 |
| | Other Detail | | | | | | |
| | Pension Funding | 429,253 | | 429,253 | 101,807 | | 101,807 |
| | SC DEP Deferred Depreciation and Reg Liability-book depreciation | (2,581) | | (2,581) | (3,613) | | (3,613) |
| | COR Reversal | 102,794 | | 102,794 | 44,798 | | 44,798 |
| | WC - Other - Injuries and Damages | 555,367 | | 555,367 | 131,718 | | 131,718 |
| | Reg Asset - FAS 109/Tax related | 482,509 | | 482,509 | 201,613 | | 201,613 |
| | SC Storm Reserve | (24,012) | | (24,012) | (24,012) | | (24,012) |
| | Other Misc | 118,208 | | 118,208 | (50,372) | | (50,372) |
| 10 | Total Working Capital | \$ 1,946,478 | \$ (22,955) | \$ 1,923,523 | \$ 472,785 | \$ (6,280) | \$ 466,505 |

Duke Energy Carolinas, LLC
Materials & Supplies - Electric
Dollars in Thousands

| Line No. | Description | Total Company | | | SC Retail | | |
|-------------|---------------------------------------|-----------------------------|-------------------------------|-------------------------------|-----------------------------|-------------------------------|-------------------------------|
| | | Per Books (Col. 2) \$ | Adjustments (Col. 3) \$ | As Adjusted (Col. 4) \$ | Per Books (Col. 5) \$ | Adjustments (Col. 6) \$ | As Adjusted (Col. 7) \$ |
| 1 | Fossil | 277,688 | 7,328 | 285,016 | 69,093 | 1,823 | 70,917 |
| 2 | Nuclear | 511,523 | | 511,523 | 127,275 | | 127,275 |
| 3 | Total Fuel Stock | 789,211 | 7,328 | 796,539 | 196,368 | 1,823 | 198,192 |
| 4 | Emission Allowances | 30,367 | - | 30,367 | 6,999 | - | 6,999 |
| 5 | Other Electric Materials and Supplies | 788,744 | - | 788,744 | 181,793 | - | 181,793 |
| 6 | Total Materials & Supplies | \$ 1,608,321 | \$ 7,328 | \$ 1,615,649 | \$ 385,161 | \$ 1,823 | \$ 386,984 |

Note: (a) Adjustment to per book coal inventory balance to reflect target inventory level.

| | Total Company | SC Retail |
|---------------------------------------|-------------------|------------------|
| Coal Inventory Target Level (in tons) | 2,525 | |
| Price per Ton - Coal | \$97.50 | |
| Total Company Pro Forma Inventory | <u>\$ 246,203</u> | <u>\$ 61,259</u> |
| Per Book Coal Inventory | \$238,875.00 | \$59,435.99 |
| Coal Adjustment | <u>\$ 7,328</u> | <u>\$ 1,823</u> |

Duke Energy Carolinas, LLC
Cost of Capital - Electric Operations
12 Months Ended June 30, 2017
Dollars in Thousands

Schedule 10

| Total Company | | | | | | | | | | | | | |
|----------------|-----------------|--------------------|-------------------|-----------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------|-------------------|-----------------------|---------------------------------------|---------------------------------------|----------------------------------|
| | | Per Books | | | | | As Adjusted | | | | | | |
| Line No. | Description | Amount (Col. 1) | Ratio (Col. 2) | Rate Base (Col. 3) | Embedded Cost/ Return (Col. 4) | Weighted Cost/ Return (Col. 5) | Operating Income (Col. 6) | Amount (Col. 7) | Ratio (Col. 8) | Rate Base (Col. 9) | Embedded Cost/ Return (Col. 10) | Weighted Cost/ Return (Col. 11) | Operating Income (Col. 12) |
| 1 | Long Term Debt | \$ 8,864,366 | 44.76% | \$ 8,247,797 | 4.81% | 2.15% | \$ 396,719 | \$ 8,864,366 | 44.76% | \$ 9,256,052 | 4.81% | 2.15% | \$ 445,216 |
| 2 | Preferred Stock | | | | | | | | | | | | |
| 3 | Common Equity | 10,539,792 | 55.24% | 10,178,666 | 10.83% | 5.96% | 1,102,323 | 10,539,792 | 55.24% | 11,423,183 | 8.28% | 4.57% | 945,297 |
| 4 | Total | \$ 19,804,158 | 100.00% | \$ 18,426,463 | | | \$ 1,489,042 | \$ 19,804,158 | 100.00% | \$ 20,679,235 | | | \$ 1,390,503 |
| South Carolina | | | | | | | | | | | | | |
| | | Per Books | | | | | As Adjusted | | | | | | |
| Line No. | Description | Amount (Col. 1) | Ratio (Col. 2) | Rate Base (Col. 3) | Embedded Cost/ Return (Col. 4) | Weighted Cost/ Return (Col. 5) | Operating Income (Col. 6) | Amount (Col. 7) | Ratio (Col. 8) | Rate Base (Col. 9) | Embedded Cost/ Return (Col. 10) | Weighted Cost/ Return (Col. 11) | Operating Income (Col. 12) |
| 5 | Long Term Debt | \$ 8,864,366 | 44.76% | \$ 1,918,943 | 4.81% | 2.15% | \$ 92,301 | \$ 8,864,366 | 44.76% | \$ 2,142,053 | 4.81% | 2.15% | \$ 103,033 |
| 6 | Preferred Stock | | | | | | | | | | | | |
| 7 | Common Equity | 10,539,792 | 55.24% | 2,368,227 | 10.71% | 5.92% | 253,607 | 10,539,792 | 55.24% | 2,643,574 | 8.48% | 4.68% | 224,061 |
| 8 | Total | \$ 19,804,158 | 100.00% | \$ 4,287,170 | | | \$ 345,908 | \$ 19,804,158 | 100.00% | \$ 4,785,627 | | | \$ 327,094 |

Notes: (a) Long term debt includes Mortgage and Pollution Control Bonds, Senior Debt, Capital Leases and Unamortized Debt expense, discounts and premiums. Current long term debt maturities are excluded.

(b) Includes net of tax Piedmont merger costs to achieve of approximately \$1023 thousand.